

**Washington, DC** – Rep. Linda Sánchez (D-CA) introduced legislation to restore the estate tax on the wealthiest Americans, which would bring in at least \$264 billion in the next ten years to help reduce the national debt.

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**“Millionaires and billionaires need to pay their fair share in estate taxes, especially at a time when we have a record-breaking national debt,”** said Ways and Means Member Rep. Linda Sánchez. □ **“Tax breaks under George W. Bush favored the wealthy and contributed to a growing gap between the very rich and everyone else.**

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**It’s time they pay their fair share.”**

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*The estate tax is a tax on the net value of an estate, or total value of the money and property, minus debts, of a person who has died. □ The value of the estate after taxes is then passed on to the beneficiaries of the deceased.* □ The estate tax was instituted to ensure that the very wealthiest families, those who have benefited from the greatness of the American economic system, contribute back to that system so that others may also have a chance to achieve and succeed as well.

When it functions properly, the estate tax keeps this nation’s wealth from becoming too tightly concentrated in the hands of a few privileged families.

But as a result of President Bush's \$1.35 trillion tax break bill, the estate tax has been completely repealed in 2010.

What this means is that for the first time since 1916, the heirs to multi-million and billion dollar fortunes are able to receive their entire inheritance free of federal taxes, costing at least \$14.8 billion in lost revenue in 2010 alone. Last March, the wealthiest person in Houston, Texas (Dan Duncan) became the first multi-billionaire to pass along his entire estate -- estimated to be worth some \$9 billion -- to his family without paying any federal estate tax.

**“In America, we tell our children that America is the land of opportunity, that if they work hard, they can achieve anything.□ The Responsible Estate Tax Act restores fairness to the system and keeps America’s promise,”** continued Sánchez.

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The Responsible Estate Tax Act is a companion to legislation introduced in the Senate by

Senators Bernard Sanders (I-VT), Tom Harkin (D-IA), and Sheldon Whitehouse (D-RI).

The Responsible Estate Tax Act would do the following:

\* **Exempts the first \$3.5 million of an estate from federal taxation (\$7 million for couples)**, the same exemption that existed in 2009. A \$3.5 million exemption would mean that 99.75 percent of all estates would be exempted from the federal estate tax.

\* **Includes a progressive rate structure so that the super wealthy pay more.** Under this bill, the rate on estates worth more than \$3.5 million but less than \$10 million would be 45 percent, the same as the 2009 level. The rate on estates worth \$10 million but less than \$50 million would be 50 percent, and the rate on the value of estates above \$50 million would be 55 percent.

\* **Includes a billionaire's surtax of 10 percent.** This bill would also impose a 10 percent surtax on the value of an estate above \$500 million (\$1 billion for couples). According to *Forbes Magazine*, there are only 403 billionaires in the United States with a collective net worth of \$1.3 trillion. Clearly, the heirs to these multi-billion fortunes should be paying a higher estate tax rate than others.

\* **Closes all of the Estate and Gift Tax Loopholes requested in President Obama's Fiscal Year 2011 budget.** These loophole closers include requiring consistent valuation for transfer and income tax purposes; a modification of rules on valuation discounts; and a required 10-year minimum term for Grantor Retained Annuity Trusts (GRATS). OMB has estimated that closing these loopholes that benefit the super-wealthy would raise at least \$23.7 billion in revenue over 10 years.

\* **Protects family farmers by allowing them to lower the value of their farmland by up to \$3 million for estate tax purposes** . Under current law, the

value of farmland can be reduced up to \$1 million for estate tax purposes under 2032(a) of the Internal Revenue Code (Special Use Valuation). This bill would increase the level to \$3 million and indexes it to inflation.

\* **Benefits farmers and other landowners by providing estate tax relief for conservation easements.** This bill would provide tax relief to farmers and other landowners by amending estate tax rules for conservation easements through an increase in the maximum exclusion amount to \$2 million and increasing the base percentage to 60 percent.

**This legislation would exempt over 99.7 percent of Americans from paying any estate tax whatsoever, while ensuring that the wealthiest Americans in our country pay their fair share.**

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**More information about the Estate Tax, its importance to reducing the budget deficit, and its affect on taxpayers, can be found here:**

**[www.cbpp.org/files/estatetaxmyths.pdf](http://www.cbpp.org/files/estatetaxmyths.pdf) .**

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